

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name <b>ORLEANS TOWNSHIP</b>	County <b>IONIA</b>
Fiscal Year End <b>03/31/2007</b>	Opinion Date <b>AUGUST 6, 2007</b>	Date Audit Report Submitted to State <b>SEPTEMBER 21, 2007</b>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) <b>LAWRENCE TIEJEMA, PC</b>		Telephone Number <b>616-642-0384</b>	
Street Address <b>31 EAST MAIN STREET, PO BOX 10</b>		City <b>SARANAC</b>	State <b>MI</b>
Zip <b>48881</b>			
Authorizing CPA Signature 		Printed Name <b>LAWRENCE TIEJEMA</b>	License Number <b>A 256739</b>

# ORLEANS TOWNSHIP

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MARCH 31, 2007

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## INDEPENDENT AUDITOR'S REPORT

August 6, 2007

The Township Board  
Orleans Township  
Ionia County, Michigan

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of Orleans Township, Ionia County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

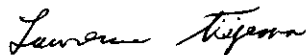
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component unit, and the aggregate remaining fund information of Orleans Township, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated August 6, 2007, on my consideration of Orleans Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 3 to 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Orleans Township's basic financial statements. The governmental, enterprise, and component unit's financial statements and schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.



Lawrence Tiejema, PC

August 6, 2007

## **Management Discussion and Analysis**

Orleans Township improved its sanitary sewer service, planned improvements to fire service, and improved the utility of the township hall during the year ended March 31, 2007.

### **Financial Highlights**

- (1) A sewer backup occurred during an ice storm in February 2006 due to a power failure. The Township compensated two home owners at a total cost of \$10,073.
- (2) To protect against another power failure at the lift stations of the sanitary sewer system, the Township purchased 5 generators at a cost of \$64,441 plus \$2,337 for the generator set-up. An additional \$1,110 was spent on the cement pads for the generators.
- (3) A secured office/storage area was created in the west end of the township hall by building a wall with a door. The amount spent on this improvement was \$2,595.
- (4) Revenues from property taxes, landfill surcharge, and investment earnings went up noticeably. Increased administration fees for the two tax collections accounted for most of the property tax increase, while improved investment earnings were achieved by getting the best interest rates on certificates of deposit.
- (5) A new tanker for the fire department was ordered during the year ended March 31, 2007, and a deposit of \$500 was made. The remaining amount of \$15,850 was paid in April 2007.
- (6) The Township received an endorsement refund of \$4,089 on the worker's compensation insurance. This helped reduced the cost of insurance to the township from \$18,265 for the prior year to \$12,966 for the year ended March 31, 2007.
- (7) Orleans Township received two new voting machines from the County of Ionia through a federal grant. The value of the two machines is \$12,320.
- (8) The Township increased its road budget from \$56,300 to \$76,300 in order to perform additional road maintenance including laying down additional gravel.

## **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, recreation and cultural, cemetery, and planning. The business-type activity of the Township is the Sewer Fund. The government-wide financial statements included not only Orleans Township (known as the primary government), but a legally separate Building Authority for which the Township is financially accountable. Financial information for this component unit is located on pages 36-38 of the Notes to the Financial Statements.

**Fund financial statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. (All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds).

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government wide-financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township adopts an annual appropriated budget. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The basic governmental fund financial statements can be found on pages 13-15 of this report.

**Proprietary funds.** The township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer system operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 16-18 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Orleans Township has one fiduciary fund, the Tax Agency Fund. The basic fiduciary fund statements for the Tax Agency Fund can be found on page 19 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 20-44 of this report.

## **Orleans Township's Net Assets**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 289,001	\$ 2,329,508	\$ 2,618,509
Capital assets	143,167	4,258,885	4,402,052
Total assets	432,168	6,588,393	7,020,561
Long-term liabilities outstanding	-	1,362,613	1,362,613
Other liabilities	9,964	1,941,467	1,951,431
Total liabilities	9,964	3,304,080	3,314,044
Net assets:			
Invested in capital assets, net of related debt	143,167	2,896,272	3,039,439
Restricted	-	110,847	110,847
Unrestricted	279,037	277,194	556,231
<b>Total net assets</b>	<b>\$ 422,204</b>	<b>\$ 3,284,313</b>	<b>\$ 3,706,517</b>

During the year ended March 31, 2007, the General Fund's net assets rose from \$410,196 to \$422,204. Current assets increased by \$16,379, helped by increased interest earnings on the general fund certificate of deposit. General Fund cash deposits rose from \$260,834 to \$269,665, a gain of \$8,831.

Net assets in the Sewer Fund (business-type activity) increased by \$15,456 during the same period. However, cash and investment deposits dropped by \$17,539 because of the purchase of 5 generators and their set-up costs, which totaled \$66,778. The balance on the three loans of the Sewer Fund dropped by \$45,300 to the current balance of \$1,362,613.

The current assets of both the General Fund and Sewer Fund are made up of delinquent taxes/assessments due. The Sewer Fund has a delinquent assessment due of \$24,949, and the General Fund has a delinquent tax receivable of \$14,737.



## **Orleans Township's Changes in Net Assets**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Revenue:			
Program revenue:			
Charges for services	\$ 47,422	\$ 232,193	\$ 279,615
Capital grants and contributions	12,320	-	12,320
General revenue:			
Property taxes	75,349	-	75,349
State sources	186,681	-	186,681
Other	24,891	12,465	37,356
Total revenue	<u>346,663</u>	<u>244,658</u>	<u>591,321</u>
Expenses:			
General government	112,307	-	112,307
Legislative	12,461	-	12,461
Public safety	89,321	-	89,321
Public works	80,549	-	80,549
Recreation and culture	4,889	-	4,889
Planning	968	-	968
Cemetery	21,194	-	21,194
Insurance	12,966	-	12,966
Sewer		229,202	229,202
Total expenses	<u>334,655</u>	<u>229,202</u>	<u>563,857</u>
<b>Increase (decrease) in assets</b>	<b>12,008</b>	<b>15,456</b>	<b>27,464</b>
Net assets - beginning of year	410,196	3,268,857	3,679,053
<b>Net assets - end of year</b>	<b><u>\$ 422,204</u></b>	<b><u>\$ 3,284,313</u></b>	<b><u>\$ 3,706,517</u></b>

The General Fund revenues exceeded its expenses by \$12,008. Both revenue and expenses increased during the year. Revenue went up \$29,003 and expenses went up \$35,842. While state revenue sharing dropped slightly, property tax revenues rose \$9,304, landfill surcharges increased \$1,358, and interest earnings improved by \$3,872. In addition, the federal grant that paid for the new voting machines increased revenue by \$12,320. The cost of general government and public works went up greatly during the year ended March 31, 2007. Assessor and election expenses accounted for most of the general government increase while increased graveling of the roads accounted for most of the \$22,609 increase in public works.

## Orleans Township's Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenue:			
Program revenue:			
Charges for services	\$ 47,422	\$ 232,193	\$ 279,615
Capital grants and contributions	12,320	-	12,320
General revenue:			
Property taxes	75,349	-	75,349
State sources	186,681	-	186,681
Other	24,891	12,465	37,356
Total revenue	<u>346,663</u>	<u>244,658</u>	<u>591,321</u>
Expenses:			
General government	112,307	-	112,307
Legislative	12,461	-	12,461
Public safety	89,321	-	89,321
Public works	80,549	-	80,549
Recreation and culture	4,889	-	4,889
Planning	968	-	968
Cemetery	21,194	-	21,194
Insurance	12,966	-	12,966
Sewer		229,202	229,202
Total expenses	<u>334,655</u>	<u>229,202</u>	<u>563,857</u>
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<b>Net assets - end of year</b>	<b><u>\$ 422,204</u></b>	<b><u>\$ 3,284,313</u></b>	<b><u>\$ 3,706,517</u></b>

The General Fund revenues exceeded its expenses by \$12,008. Both revenue and expenses increased during the year. Revenue went up \$29,003 and expenses went up \$35,842. While state revenue sharing dropped slightly, property tax revenues rose \$9,304, ordinance fines increased \$1,002, and interest earnings improved by \$3,872. In addition, the federal grant that paid for the new voting machines increased revenue by \$12,320. The cost of general government and public works went up greatly during the year ended March 31, 2007. Assessor and election expenses accounted for most of the general government increase while increased graveling of the roads accounted for most of the \$22,609 increase in public works.

The Sewer Fund revenues went down while the expenses went up during the year ended March 31, 2007. The revenue decrease was expected since fewer residents served by the Sanitary Sewer System made total payoffs of their sewer assessments. However, interest income rose from \$8,869 to \$12,465. Sewer Fund operating expenses increased from \$140,544 to \$161,038, led by a \$21,574 increase in plant operation and maintenance. Wages related to sewer operations went up only \$793 while overall administration costs fell from \$32,171 to \$25,471. In the future years, cash flow from the sewer usage fees and sewer assessments will continue to provide the needed resources to maintain the system and service its debt.

### **Orleans Township's Capital Assets**

#### **Capital Assets (net of depreciation)**

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b>Land</b>	\$ 20,000	\$ 40,000	\$ 60,000
<b>Machinery and equipment</b>	123,167	502	123,669
<b>Utility systems</b>		4,218,383	4,218,383
<b>Total</b>	<b><u>\$ 143,167</u></b>	<b><u>\$ 4,258,885</u></b>	<b><u>\$ 4,402,052</u></b>

Capital asset investments were not as great for our township in the year ended March 31, 2007, as it has been in prior years. However, we did improve the appearance and utility of the township hall by building a storage area at a cost of \$2,595. In addition, a federal grant paid for the two new voting machines used in the last elections. During the year the Township Board arranged for the purchase of a tanker for the fire department, and it will appear as a capital asset during the year ended March 31, 2008.

As mentioned earlier, a backup in the sewer lines resulted in the township board's decision to purchase generators to keep the lift stations operating at all times. Even though the investment in generators and their cement pads costing \$67,888 increased capital assets, depreciation expense of \$92,183 resulted in capital assets actually falling by \$24,439.

## **Orleans Township – Past and Present**

The fiscal year ended March 31, 2007, was a year of finding solutions to problems. When the power went out for several days in February 2006, the sanitary sewer system failed. The purchase of 5 generators for the lift stations will prevent this from happening in the future. When vandalism of the generator cables occurred at the lift station, measures were taken to protect the cables and assure power to the sanitary sewer system. When trees became a problem in the cemetery, the township spent \$675 to fix the problem. When it became necessary to find a safe location for township equipment, a walled-off portion of the township hall was created. When the fire department needed to upgrade its ability to deliver water, the Board invested the resources to obtain a new tanker for \$16,350. The community library continues to provide a meaningful service. A quilt raffle and book sale brought in \$469. The township board added additional funds so that library expenditures could rise from \$2,744 to \$4,235.

The Township Board continues to respond to the needs of its citizens when problems arise. Over the year, the Board has built up a fund balance that could be used in emergencies. The current fund balance in the General Fund will pay for the normal General Fund expenses for about 8 months. The biggest challenge of the Township is the maintenance of its roads. Orleans Road has serious surface and drainage problems, but the Ionia County Road Commission does not have the resources to fix this road and other roads needing attention. In addition, the fiscal crisis in the State of Michigan could have an affect on future revenue sharing revenues. State revenue sharing represents about 60% of the township's General Fund revenues. While the Board plans to address serious problems and concerns, it continues to spend conservatively in order to handle any future issues.

**ORLEANS TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2007**

	<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
<b>Assets</b>				
Cash and deposits	\$ 269,665	\$ 395,473	\$ 665,138	\$ 1,151
Receivables				
Taxes	14,737	24,949	39,686	
Prepaid expenses	500		500	
Special Assessments		1,909,086	1,909,086	
Due from other funds	4,099		4,099	1,138
Contract Receivable				283,780
Land		40,000	40,000	
Capital assets, net of accumulated depreciation	143,167	4,218,885	4,362,052	260,873
<b>Total Assets</b>	<b>432,168</b>	<b>6,588,393</b>	<b>7,020,561</b>	<b>546,942</b>
<b>Liabilities</b>				
Accounts payable	7,793	1,406	9,199	
Accrued interest payable		30,975	30,975	1,138
Unearned revenue		1,909,086	1,909,086	
Fire insurance deposits	2,171		2,171	
Non-current liabilities:				
Due within one year		45,300	45,300	3,500
Due in more than one year		1,317,313	1,317,313	280,280
<b>Total Liabilities</b>	<b>9,964</b>	<b>3,304,080</b>	<b>3,314,044</b>	<b>284,918</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	143,167	2,896,272	3,039,439	(22,907)
Restricted for:				
Debt service		110,847	110,847	283,780
Unrestricted	279,037	277,194	556,231	1,151
<b>Total net assets</b>	<b>\$ 422,204</b>	<b>\$ 3,284,313</b>	<b>\$ 3,706,517</b>	<b>\$ 262,024</b>

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2007**

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenues
		Charges for Services	Capital Grants and Contributions	
<b>Primary government</b>				
Governmental activities:				
General government	\$ 112,307	\$ 33,566	\$ 12,320	\$ (66,421)
Legislative	12,461			(12,461)
Public safety	89,321	1,948		(87,373)
Public works	80,549	6,722		(73,827)
Recreation and culture	4,889	469		(4,420)
Planning	968	350		(618)
Cemetery	21,194	14,589		(6,605)
Insurance	12,966			(12,966)
Total governmental activities	<u>334,655</u>	<u>57,644</u>	<u>12,320</u>	<u>(264,691)</u>
Business-type activity:				
Sewer	<u>229,202</u>	<u>232,193</u>		<u>2,991</u>
Total primary government	<u>\$ 563,857</u>	<u>\$ 289,837</u>	<u>\$ 12,320</u>	<u>(261,700)</u>
<b>Component unit</b>				
Building Authority	<u>\$ 21,398</u>	<u>\$ 13,725</u>		<u>\$ (7,673)</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**STATEMENT OF ACTIVITIES (CONCLUDED)**  
**FOR THE YEAR ENDED MARCH 31, 2007**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (264,691)	\$ 2,991	\$ (261,700)	\$ (7,673)
General revenues:				
Property taxes	75,349		75,349	
State revenue sharing	186,681		186,681	
Investment earnings	14,669	12,465	27,134	
Total general revenues	276,699	12,465	289,164	
Change in net assets	12,008	15,456	27,464	(7,673)
Net assets, beginning of year	410,196	3,268,857	3,679,053	269,697
Net assets, end of year	\$ 422,204	\$ 3,284,313	\$ 3,706,517	\$ 262,024

(Concluded)

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2007  
GENERAL  
FUND**

<u>ASSETS</u>		<u>FUND</u>
Cash and deposits	\$	269,665
Receivables:		
Taxes		14,737
Prepaid expenses		500
Due from other funds		4,099
TOTAL ASSETS		<u>289,001</u>

**LIABILITIES AND FUND BALANCE**

LIABILITIES:

Accounts payable and accrued  
expenditures:

Wages payable	5,093
Payroll taxes	389
Fire insurance deposits	2,171
Accounts payable	2,311
TOTAL LIABILITIES	<u>9,964</u>

FUND BALANCE

Undesignated	<u>279,037</u>
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TOTAL LIABILITIES AND  
FUND BALANCE

\$	<u>289,001</u>
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RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET ASSETS OF THE GOVERNMENTAL  
ACTIVITIES ON THE STATEMENT OF NET ASSETS

Fund balance -- total governmental funds.....	\$	279,037
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Amounts reported for *governmental activities* in the statement of net assets  
are different because:

Capital assets used in governmental activities are not current financial resources  
and therefore are not reported in the funds.

Add -- land.....	20,000
Add -- capital assets.....	426,246
Deduct -- accumulated depreciation.....	(303,079)
Net assets of governmental activities.....	<u>\$ 422,204</u>

The accompanying notes are an integral part of the financial statements.



**ORLEANS TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2007**

	GENERAL FUND
REVENUES:	
Property taxes	\$ 75,349
Licenses & permits	900
State sources	186,681
Charges for services	46,522
Fines and forfeitures	1,853
Interest	14,669
Other	20,689
TOTAL REVENUES	<u>346,663</u>
EXPENDITURES:	
General government	119,455
Legislative	12,461
Public safety	74,010
Public works	80,549
Recreation and culture	4,889
Planning	968
Cemetery	21,140
Insurance	12,966
TOTAL EXPENDITURES	<u>326,438</u>
REVENUES OVER EXPENDITURES	<u>20,225</u>
NET CHANGE IN FUND BALANCES	20,225
FUND BALANCE, BEGINNING OF YEAR	<u>258,812</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 279,037</u></u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND  
BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**

Net change in fund balances -- total government funds.....	\$ 20,225
Government funds expense capital outlays in the current year while the Statement of Net Assets allocates them over useful life:	
Add capital outlay.....	14,915
Deduct - depreciation expense.....	(23,132)
Change in net assets of government activities.....	<u><u>\$ 12,008</u></u>

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Property taxes	\$ 69,000	\$ 69,000	\$ 75,349	\$ 6,349
Licenses and permits	1,644	1,644	900	(744)
State sources	193,000	193,000	186,681	(6,319)
Charges for services	33,249	33,249	46,522	13,273
Fines and forfeitures	3,000	3,000	1,853	(1,147)
Interest	12,150	12,150	14,669	2,519
Other	21,347	21,347	20,689	(658)
<b>TOTAL REVENUES</b>	<b>333,390</b>	<b>333,390</b>	<b>346,663</b>	<b>13,273</b>
EXPENDITURES				
General government	123,616	124,452	119,455	4,997
Legislative	23,075	23,796	12,461	11,335
Public safety	81,725	82,510	74,010	8,500
Public works	64,349	92,460	80,549	11,911
Recreation and culture	5,875	5,956	4,889	1,067
Planning	2,650	2,650	968	1,682
Cemetery	21,500	25,767	21,140	4,627
Insurance	12,000	13,795	12,966	829
Other	2,600	2,768	0	2,768
<b>TOTAL EXPENDITURES</b>	<b>337,390</b>	<b>374,154</b>	<b>326,438</b>	<b>47,716</b>
REVENUES OVER (UNDER) EXPENDITURES	<b>(4,000)</b>	<b>(40,764)</b>	<b>20,225</b>	<b>60,989</b>
NET CHANGE IN FUND BALANCES	<b>(4,000)</b>	<b>(40,764)</b>	<b>20,225</b>	<b>60,989</b>
FUND BALANCE, BEGINNING OF YEAR	<b>258,812</b>	<b>258,812</b>	<b>258,812</b>	<b>-</b>
FUND BALANCE, END OF YEAR	<b>\$ 254,812</b>	<b>\$ 218,048</b>	<b>\$ 279,037</b>	<b>-</b>

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**SEWER ENTERPRISE FUND**  
**MARCH 31, 2007**

---

**Assets**

**Current Assets**

Cash and deposits	\$ 284,626
Accounts receivable	24,949
Special assessments -- current portion	48,502
<b>Total current assets</b>	<u>358,077</u>

**Noncurrent Assets**

Restricted cash deposits	110,847
Special assessments receivable	1,860,584
Property, plant, and equipment, net of accumulated depreciation	4,258,885
<b>Total noncurrent assets</b>	<u>6,230,316</u>

<b>Total Assets</b>	<u>6,588,393</u>
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**Liabilities**

**Current liabilities**

Accounts payable	1,406
Accrued interest payable	30,975
Bonds payable -- current portion	45,300
<b>Total current liabilities</b>	<u>77,681</u>

**Noncurrent liabilities**

Deferred revenue	1,909,086
Sewer Bonds Payable	1,317,313
<b>Total noncurrent liabilities</b>	<u>3,226,399</u>

<b>Total Liabilities</b>	<u>3,304,080</u>
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**Net assets**

Invested in capital assets, net or related debt	2,896,272
Restricted for debt service	110,847
Unrestricted	277,194

<b>Total net assets</b>	<u><u>\$ 3,284,313</u></u>
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The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**SEWER ENTERPRISE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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**Operating revenues**

Charges for services:

Usage fees	\$ 60,401
Late fees	1,343
Total charges for services	<u>61,744</u>

<b>Total operating revenues</b>	<u>61,744</u>
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**Operating expenses**

Administration	25,471
Plant operation and maintenance	43,240
Depreciation	<u>92,327</u>

<b>Total operating expenses</b>	<u>161,038</u>
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<b>Operating income</b>	<u>(99,294)</u>
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**Nonoperating revenue (expenses)**

Special assessments	44,856
Special assessment interest	125,593
Interest income	12,465
Bond interest expense	(64,732)
Legal expenses	<u>(3,432)</u>

<b>Total non-operating revenues (expenses)</b>	<u>114,750</u>
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Change in net assets	15,456
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Net assets, beginning of year	<u>3,268,857</u>
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<b>Net assets, end of year</b>	<u><u>\$ 3,284,313</u></u>
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The accompanying notes are an integral part of the financial statements.

ORLEANS TOWNSHIP

STATEMENT OF CASH FLOWS  
SEWER FUNDS

FOR THE YEAR ENDED MARCH 31, 2007

<b>Cash from operating activities</b>	
Cash received from customers	\$ 76,403
Cash paid for administration	(12,424)
Cash paid to suppliers	(33,167)
Cash paid to employees	(15,988)
Reimbursements paid to residents	(10,073)
<b>Net cash provided by operating activities</b>	<u>4,751</u>
<b>Cash flows from capital and related financing activities</b>	
Principal paid on bonds	(45,300)
Interest paid on bonds	(65,763)
Cash received from assessment payoffs	42,314
Cash received from special assessments	101,881
Purchase of new equipment	(67,888)
<b>Net cash (used in) capital and relating financing activities</b>	<u>(34,756)</u>
<b>Cash flows from investing activities</b>	
Interest received on deposits and investments	<u>12,466</u>
Net increase (decrease) in cash and cash equivalents	(17,539)
Cash and cash equivalents at the beginning of the year	<u>413,012</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>\$ 395,473</u></u>
<b>Reconciliation of net income to net cash provided by operating activities</b>	
Net income	15,456
Adjustments to reconcile net income to cash provided	
Changes in assets and liabilities which provided (used) cash	
Accounts receivable	31,777
Accounts payable	(168)
Deferred revenue	(42,314)
<b>Net cash provided by operating activities</b>	<u><u>\$ 4,751</u></u>

The accompanying notes are an integral part of the financial statements.

ORLEANS TOWNSHIP

FIDUCIARY FUND

TAX AGENCY FUND

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STATEMENT OF NET ASSETS

MARCH 31, 2007

**Assets**

Cash in bank	\$	4,099
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**Liabilities**

Due to other funds	\$	4,099
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STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

**Receipts**

Tax Collections	\$	1,621,880
Interest and penalty income		4,276
		<hr/>
Total cash receipts		1,626,156

**Disbursements**

Tax payments to government agencies	1,623,367
Refunds	1,104
Collection fees and expenses	1,094
	<hr/>
Total cash disbursements	1,625,565

<b>Total receipts over (under) disbursements</b>	591
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Cash balance at the beginning of the year	<hr/> 3,508
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<b>Cash balance at the end of the year</b>	<hr/> \$ 4,099
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The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Orleans Township was organized on March 25, 1846, under the applicable laws of the State of Michigan. The Township is governed by a Board of Trustees which consists of Supervisor, Clerk, Treasurer, and two Trustees, and provides the following services: public safety (police, fire, ambulance), road maintenance, sewer, parks and recreation, cemetery, public improvements, planning, and general administrative services.

The financial statements of the Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below:

**The Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the financial statements of the Township and its component unit, an entity for which the Township is considered to be financially accountable. Discretely presented component units, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township.

**Discretely Presented Component Unit**

The Orleans Building Authority (BA) was created by Orleans Township in 2000 to construct a township hall and fire barn. The purpose of the Building Authority was to issue bonds and supervise the construction of the building. The Building Authority is now responsible for making bi-yearly principal/interest payments on the two building bonds. Revenue for paying off the bonds comes from rent/lease payments made by the General Fund of Orleans Township. The BA is under the supervision and control of a four member board consisting of a supervisor and three other members.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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The Township approves the BA's budget and has the ability to significantly influence operations of the BA.

Separate financial statements are included on pages 36 – 38 of the Notes to the Financial Statements.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary funds. Agency funds follow the accrual basis of accounting, and they do not follow a measurement focus because they do not report the results of operations (assets equal liabilities). Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Township. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer enterprise funds are charges for services. Operating expenses for the enterprise fund include wages, supplies, utilities, charges for services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Fund Accounting**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Township reports the following major government fund:

**General Fund** – This fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Township reports the following major proprietary fund:

**Sewer** – This fund is used to account for the operations of the Township's sewer department that provides sewer services to lake residents of the Township on a user charge basis.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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Additionally, the Township reports the following fund type:

**Tax Agency Fund** – This fund is used to account for property tax collections from Orleans Township real and personal property owners and its disbursement to applicable government entities and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Budgets and Budgetary Accounting**

Annual budgets are adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). The Township follows these procedures in establishing the budgetary data that is reflected in the financial statements:

1. The budgets are generated with input from various department heads, clerk, treasurer, supervisor, and township trustees.
2. Public hearings are conducted to obtain taxpayer comments and recommendations. The operating budgets include proposed expenditures and the means of financing them.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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3. The budget is legally enacted through the passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
5. Budget appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. Expenditures may not exceed appropriations at the functional level for all funds (the legal level of budgetary control). The appropriations resolutions are based on the projected expenditure budgets by function. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any department must be approved by the Township Board.
7. Budgeted amounts are as originally adopted, or as amended by the Township Board. Supplemental budget appropriations were made during the year.
8. Encumbrance accounting is not utilized.

**Investments**

Investments are stated at fair value.

**Restricted Assets**

Certain proceeds of the Sewer Fund, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

**Due To and Due From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental and business activities column in the government-wide financial statements. Capital assets are also presented in the proprietary fund statements. The Township does not currently own infrastructure (roads, tunnels, bridges, etc.) Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on the capital assets of the primary government is computed using the straight-line method over the following estimated useful lives:

	<u>Depreciable Life-Years</u>
Sanitary sewer systems.....	40 – 60
Furniture and equipment.....	5 – 15
Building and structures.....	10 – 40
Trucks and vehicles.....	5
Machinery and equipment.....	7 – 20

**Property Taxes**

Property taxes for the Township are attached as an enforceable lien on property as of December 1 of each year. The December 1 levy is recorded as a revenue during the current fiscal year, and is intended to fund expenditures of the current year.

## ORLEANS TOWNSHIP

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED MARCH 31, 2007

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Taxes levied on December 1 are due without penalty on or before February 14. These winter tax bills include the Township's own property taxes and taxes billed on behalf of the school districts within the Township and other governmental entities in the county; summer taxes are collected for other entities within the Orleans Township and Ionia County.

Real property taxes not collected are returned to the County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

#### Deferred Revenue

Government funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds are as follows:

Special assessments levied for Sewer Fund	\$ 48,502
Long-term special assessments	<u>1,860,584</u>
	<u>\$ 1,909,086</u>

#### Fund Equity

In the fund statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Proprietary funds report restricted net assets equal to restricted assets less related liabilities. The general fund of Orleans has no reservation or designations of its \$279,037 fund equity.

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2007**

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**Interfund Transactions**

Except for the transfer of \$17,439 to the Building Authority as a rental/lease payments, Orleans Township had no transfers between funds.

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2007, the Township was covered by a liability and property insurance policy in the Michigan Township Participating Plan through Burnham & Flowers Insurance group. The insurance limitations are: Property, \$1,781,020; Liability, \$2,000,000; Wrongful acts, \$2,000,000. In addition, township fire equipment is insured to a maximum of \$459,480 for each occurrence. While on duty, firemen are covered for personal injury and death with a death benefit of \$200,000 and medical injury benefits up to \$100,000 per year.

**2. CASH AND DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS**

The cash and deposits, investments and restricted assets for the Township and its component unit are as follows:

	Governmental Activities	Business- type Activities	Component Unit	Agency	Total
Deposits:					
Cash and deposits	\$ 87,753	\$ 229,202	\$ 1,151	\$ 4,099	\$ 322,205
Restricted cash and deposits	-	110,847	-	-	110,847
Investments	181,912	55,424	-	-	237,336
	<u>\$ 269,665</u>	<u>\$ 395,473</u>	<u>\$ 1,151</u>	<u>\$ 4,099</u>	<u>\$ 670,388</u>

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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The carrying amount of the Township's general fund and sewer fund deposits at March 31, 2007, is \$665,138. These deposits are in three (3) financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. The Federal Deposit Insurance Corporation insures \$300,000 of the township deposits since the limit on the insurance in each bank is \$100,000. All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at fair value.

**Statutory Authority**

State statutes authorize the Township to invest in:

1. Bond securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after the date of purchase.
4. Bankers acceptances of United States banks.
5. Obligations of the State of Michigan or its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
6. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
7. External investment pools as authorized by Public Act 20 as amended through December 21, 1997.



## ORLEANS TOWNSHIP

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

Township investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name. Investments held by the Township are reported at fair value.

All deposit accounts of Orleans Township are in Category 1 and are listed as follows:

Depository	Account	Amount @ 03/31/2007
General Fund:		
Independent Bank	General fund checking account	\$ 80,189
Chemical Bank West	Act 495 deposit account	2,391
Chemical Bank West	General fund certificate of deposit	178,822
Chemical Bank West	Cemetery certificate of deposit	3,090
Chemical Bank	Street lighting checking account	5,173
TOTAL GENERAL FUND.....		269,665
Sewer Fund:		
First Bank West Michigan	Operations/maintenance	123,586
Independent Bank	Bricker bond payment	13,788
Chemical Bank West	Operations/maintenance cert of deposit	55,424
First Bank West Michigan	Sewer bond payment account	165,166
First Bank West Michigan	Repair/replace account	35,909
First Bank West Michigan	Bond reserve account	1,600
TOTAL SEWER FUND.....		\$ 395,473

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2007**

**3. CAPITAL ASSETS**

A summary of changes in Capital Assets follows:

	Balance April 1, 2006	Additions	Disposals	Balance March 31, 2007
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 20,000			\$ 20,000
Capital assets, being depreciated:				
Machinery, property, and equipment	411,331	14,915		426,246
Less accumulated depreciation for:				
Machinery and equipment	279,947	23,132		303,079
Total capital assets, being depreciated net	131,384	(8,217)		123,167
<b>Governmental activities capital assets, net</b>	151,384			143,167
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	40,000			40,000
<b>Total capital assets, not being depreciated</b>	40,000			40,000
Capital assets, being depreciated				
Utility Systems	4,496,010	67,888		4,563,898
Office equipment	718			718
	4,496,728	67,888		4,564,616
Less accumulated depreciation for:				
Utility Systems	253,332	92,183		345,515
Office Equipment	72	144		216
	253,404	92,327		345,731
Total capital assets, being depreciated, net	4,243,324	(24,439)		4,218,885
<b>Business-type activities capital assets, net</b>	\$ 4,283,324			\$ 4,258,885

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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Depreciation expense was charged to functions/programs of the primary government as follows:

March 31, 2007

Governmental activities:

General government	\$ 7,667
Cemetery	154
Public safety	<u>15,311</u>
Total depreciation expense— governmental activities	<u>\$ 23,132</u>

Business-type activities

Sewer	<u>\$ 92,327</u>
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**4. CONTRIBUTORY PENSION PLAN**

Orleans Township contributes to a group pension plan through John Hancock Life Insurance Company. The eligible participants are elected officials and individuals appointed to an office including the fire chief, deputy fire chief, deputy treasurer, and permit officer. The Township contributes 10% of the participant's compensation. There are no contributions made by the beneficiaries. For the year ended March 31, 2007, the Township contributed \$4,908 to the pension plan.

**5. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. For governmental fund bond issues after January 1, 2001, and all proprietary fund bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2007**

The following is a summary of debt transactions of the Township for the year ended March 31, 2007:

	Balance March 31, 2006	Additions	Deletions	Balance March 31, 2007	Due Within One Year
<b>Business-like activities:</b>					
Sewer Fund					
Construction Bond -- \$1,542,000 at 4.75% interest Dated November 28, 2002	\$ 1,274,000		\$ 39,500	\$1,234,500	\$ 39,500
Improvement Bond \$70,400 at 4.75 interest Dated November 28, 2002	67,800		800	67,000	800
Bricker Park Construction loan \$70,000 at 4.5% interest Dated August 5, 2005	66,113		5,000	61,113	5,000
Total of business-like activities	1,407,913		45,300	1,362,613	45,300
<b>Component unit:</b>					
Building Authority					
Construction Bond \$250,000 at 4.75% interest Dated September 18, 2000	240,000		3,000	237,000	3,000
Construction Bond \$49,480 at 5.125% interest Dated September 18, 2000	47,280		500	46,780	500
Total of component unit activities	\$ 287,280		\$ 3,500	\$ 283,780	\$ 3,500

## ORLEANS TOWNSHIP

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED MARCH 31, 2007

The annual requirements to maturity on the total long-term obligations outstanding at March 31, 2007, are as follows:

	Sewer Fund		Building Authority		Totals
	Principal	Interest	Principal	Interest	Reporting Entity
2007-2008	\$ 45,300	\$ 62,670	\$ 3,500	\$ 13,571	\$ 125,041
2008-2009	50,300	61,536	3,600	13,400	128,836
2009-2010	45,400	59,158	3,600	13,227	121,385
2010-2014	243,713	262,187	21,500	63,279	590,679
2015-2019	204,200	208,194	27,400	57,402	497,196
2020-2024	206,400	159,483	34,700	49,900	450,483
2025-2029	208,500	110,272	44,300	40,442	403,514
2030-2034	211,300	60,501	56,500	28,327	356,628
2035-2039	143,700	13,192	72,000	13,008	241,900
2040-2041	3,800	180	16,680	401	21,061
	<u>\$ 1,362,613</u>	<u>\$ 997,373</u>	<u>\$ 283,780</u>	<u>\$ 292,957</u>	<u>\$ 2,936,723</u>

The Township's legal debt margin is based on 10% of state equalized value. For 2007 the equalized value of Orleans Township is \$84,914,000, which makes the debt limit \$8,491,140. Revenue, special assessment, and various self supporting obligations are excluded from the state defined debt limit.

#### 6. LITIGATION

In the normal course of its activities, the Township has become a party in various legal actions, including property tax assessment appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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**7. DUE FROM (TO) OTHER FUNDS**

Amounts due from (to) other funds representing interfund receivable and payable balances at March 31, 2007, are detailed as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	\$ 4,099
Tax Agency Fund	\$ 4,099	\$ -

“Due to” and “due from” balances represent an amount in the tax-agency fund which may be transferred into the general fund.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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**8. COMPONENT UNIT – BUILDING AUTHORITY**

The general fund of Orleans Township reimburses the Building Authority for all of its expenses. These expenses consist of bond principal and interest payments and attorney and accountant fees. Given here are the financial statements of the Building Authority for the year ended March 31, 2007.

COMPONENT UNIT -- BUILDING AUTHORITY

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2007

ASSETS:

Current assets	
Cash in bank	\$ 1,151
Interest receivable	1,138
Total current assets	<u>2,289</u>
Noncurrent assets	
Contract receivable	283,780
Township building and fire barn, net of depreciation	<u>260,873</u>
Total noncurrent assets	<u>544,653</u>
 TOTAL ASSETS	 <u>546,942</u>

LIABILITIES:

Current liabilities	
Interest payable	1,138
Bonds payable -- current portion	<u>3,500</u>
Total current liabilities	<u>4,638</u>
Noncurrent liabilities	
Bonds payable	<u>280,280</u>
 TOTAL LIABILITIES	 <u>\$ 284,918</u>

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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**COMPONENT UNIT – BUILDING AUTHORITY**

**NET ASSETS:**

Capital assets, net of related debt	\$ (22,907)
Restricted net assets	283,780
Unrestricted net assets	<u>1,151</u>
<b>TOTAL NET ASSETS</b>	<u><u>262,024</u></u>

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS**

Revenues	
General fund transfer in	<u>13,925</u>
Total revenues	13,925
Expenses	
Interest expense	13,725
Depreciation expense	7,673
Audit expense	<u>200</u>
Total expenses	21,598
Changes in net assets	<u><u>\$ (7,673)</u></u>



**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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**COMPONENT UNIT -- BUILDING AUTHORITY**

**SCHEDULES OF CASH RECEIPTS AND EXPENDITURES**  
For the Year ended March 31, 2007

Cash in bank, March 31, 2006	\$ 1,151
Receipts received from the general fund	
Received for bond interest payments	13,739
Received for bond principal payments	3,500
Received for audit fee	<u>200</u>
Total cash received	17,439
Expenditures	
Payments of bond interest expenses	13,739
Payments of bond principal	3,500
Payments for audit fees	<u>200</u>
Total cash expended	17,439
Cash in bank, March 31, 2007	<u><u>\$ 1,151</u></u>

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2007**

**9. SCHEDULE OF INDEBTEDNESS – ALL FUND**

	Year	Interest Rate	Principal	Interest	Interest	Total
<b>SEWER FUND DEBT:</b>						
Construction of Sewer	2007/08	4.75%	39,500	28,319	28,381	96,200
Bonded indebtedness:	2008/09	4.75%	39,500	28,381	27,443	95,324
\$1,542,000, dated November	2009/10	4.75%	39,500	27,443	26,505	93,448
28, 2001. Interest rate: 4.75%	2010/11	4.75%	39,500	26,505	25,567	91,572
	2011/12	4.75%	39,500	25,567	24,629	89,696
	2012/13	4.75%	39,500	24,629	23,691	87,820
	2013/14	4.75%	39,500	23,691	22,752	85,943
	2014/15	4.75%	39,500	22,752	21,814	84,066
	2015/16	4.75%	39,500	21,814	20,876	82,190
	2016/17	4.75%	39,500	20,876	19,938	80,314
	2017/18	4.75%	39,500	19,938	19,000	78,438
	2018/19	4.75%	39,500	19,000	18,062	76,562
	2019/20	4.75%	39,500	18,062	17,124	74,686
	2020/21	4.75%	39,600	17,124	16,183	72,907
	2021/22	4.75%	39,600	16,183	15,243	71,026
	2022/23	4.75%	39,600	15,243	14,302	69,145
	2023/24	4.75%	39,600	14,302	13,362	67,264
	2024/25	4.75%	39,600	13,362	12,421	65,383
	2025/26	4.75%	39,600	12,421	11,481	63,502
	2026/27	4.75%	39,600	11,481	10,540	61,621
	2027/28	4.75%	39,600	10,540	9,600	59,740
	2028/29	4.75%	39,600	9,600	8,659	57,859
	2029/30	4.75%	39,600	8,659	7,719	55,978
	2030/31	4.75%	39,600	7,719	6,778	54,097
	2031/32	4.75%	39,600	6,778	5,838	52,216
	2032/33	4.75%	39,600	5,838	4,897	50,335
	2033/34	4.75%	39,600	4,897	3,957	48,454

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2007**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
	2034/35	4.75%	39,600	3,957	3,016	46,573
	2035/36	4.75%	39,600	3,016	2,076	44,692
	2036/37	4.75%	39,600	2,076	1,135	42,811
	2037/38	4.75%	39,600	1,135	195	40,930
	2038/39	4.75%	8,200	195		8,395
<b>Subtotal</b>			<b>1,234,500</b>	<b>471,503</b>	<b>443,184</b>	<b>2,149,187</b>

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
Construction of Sewer	2007/08	4.75%	800	1,591	1,591	3,982
Bonded indebtedness:	2008/09	4.75%	800	1,572	1,572	3,944
\$70,400, dated November	2009/10	4.75%	900	1,553	1,553	4,006
28, 2002. Interest rate: 4.75%	2010/11	4.75%	900	1,532	1,532	3,964
	2011/12	4.75%	1,000	1,510	1,510	4,020
	2012/13	4.75%	1,000	1,487	1,487	3,974
	2013/14	4.75%	1,100	1,463	1,463	4,026
	2014/15	4.75%	1,100	1,437	1,437	3,974
	2015/16	4.75%	1,200	1,411	1,411	4,022
	2016/17	4.75%	1,300	1,382	1,382	4,064
	2017/18	4.75%	1,300	1,351	1,351	4,002
	2018/19	4.75%	1,400	1,321	1,321	4,042
	2019/20	4.75%	1,500	1,287	1,287	4,074
	2020/21	4.75%	1,500	1,252	1,252	4,004
	2021/22	4.75%	1,600	1,216	1,216	4,032
	2022/23	4.75%	1,700	1,178	1,178	4,056
	2023/24	4.75%	1,800	1,138	1,138	4,076
	2024/25	4.75%	1,800	1,095	1,095	3,990
	2025/26	4.75%	1,900	1,052	1,052	4,004
	2026/27	4.75%	2,000	1,007	1,007	4,014
	2027/28	4.75%	2,100	960	960	4,020

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2007**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
	2028/29	4.75%	2,200	910	910	4,020
	2029/30	4.75%	2,300	857	857	4,014
	2030/31	4.75%	2,400	803	803	4,006
	2031/32	4.75%	2,500	746	746	3,992
	2032/33	4.75%	2,700	686	686	4,072
	2033/34	4.75%	2,800	622	622	4,044
	2034/35	4.75%	2,900	556	556	4,012
	2035/36	4.75%	3,000	487	487	3,974
	2036/37	4.75%	3,200	416	416	4,032
	2037/38	4.75%	3,300	340	340	3,980
	2038/39	4.75%	3,500	261	261	4,022
	2039/40	4.75%	3,700	178	178	4,056
	2040/41	4.75%	3,800	90	90	3,980
Subtotal			67,000	34,747	34,747	136,494
Bricker Park Sewer	2007/08	4.50%	5,000	1,390	1,398	7,788
Construction	2008/09	4.50%	10,000	1,284	1,284	12,568
Commercial loan, rate 4.55%	2009/10	4.50%	5,000	1,049	1,055	7,104
\$70,000 October 2004	2010/11	4.50%	10,000	935	940	11,875
	2011/12	4.50%	5,000	708	712	6,420
	2012/13	4.50%	10,000	597	597	11,194
	2013/14	4.50%	5,000	367	369	5,736
	2014/15	4.50%	11,113	253	254	11,620
Subtotal			61,113	6,583	6,609	74,305
Total Sewer Fund Debt			1,362,613	512,833	484,540	2,359,986

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2007**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
<b>COMPONENT UNIT</b>						
<b>BUILDING AUTHORITY</b>						
	2007/08	4.75%	3,000	5,629	5,557	14,186
Building Construction Bond	2008/09	4.75%	3,000	5,557	5,486	14,043
US Department of Agriculture --	2009/10	4.75%	3,000	5,486	5,415	13,901
Rural Development	2010/11	4.75%	3,000	5,415	5,344	13,759
September 18, 2000	2011/12	4.75%	3,000	5,344	5,272	13,616
\$ 250,000 Interest Rate: 4.75%	2012/13	4.75%	4,000	5,272	5,177	14,449
	2013/14	4.75%	4,000	5,177	5,083	14,260
	2014/15	4.75%	4,000	5,083	4,988	14,071
	2015/16	4.75%	4,000	4,988	4,893	13,881
	2016/17	4.75%	4,000	4,893	4,797	13,690
	2017/18	4.75%	5,000	4,798	4,679	14,477
	2018/19	4.75%	5,000	4,679	4,560	14,239
	2019/20	4.75%	5,000	4,560	4,441	14,001
	2020/21	4.75%	5,000	4,441	4,323	13,764
	2021/22	4.75%	6,000	4,323	4,180	14,503
	2022/23	4.75%	6,000	4,180	4,038	14,218
	2023/24	4.75%	6,000	4,038	3,895	13,933
	2024/25	4.75%	6,000	3,895	3,753	13,648
	2025/26	4.75%	7,000	3,753	3,586	14,339
	2026/27	4.75%	7,000	3,586	3,420	14,006
	2027/28	4.75%	7,000	3,420	3,254	13,674
	2028/29	4.75%	8,000	3,254	3,064	14,318
	2029/30	4.75%	8,000	3,064	2,874	13,938
	2030/31	4.75%	9,000	2,874	2,660	14,534
	2031/32	4.75%	9,000	2,660	2,446	14,106

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2007**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
	2032/33	4.75%	9,000	2,446	2,232	13,678
	2033/34	4.75%	10,000	2,232	1,995	14,227
	2034/35	4.75%	10,000	1,995	1,757	13,752
	2035/36	4.75%	11,000	1,757	1,496	14,253
	2036/37	4.75%	11,000	1,496	1,235	13,731
	2037/38	4.75%	12,000	1,235	950	14,185
	2038/39	4.75%	13,000	950	641	14,591
	2039/40	4.75%	13,000	641	332	13,973
	2040/41	4.75%	14,000	332	-	14,332
<b>Subtotal</b>			<b>237,000</b>	<b>123,453</b>	<b>117,823</b>	<b>478,276</b>

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
	2007/08	5.125%	500	1,199	1,186	2,885
Building Construction Bond	2008/09	5.125%	600	1,186	1,171	2,957
US Department of Agriculture --	2009/10	5.125%	600	1,171	1,155	2,926
Rural Development	2010/11	5.125%	600	1,155	1,140	2,895
September 18, 2000	2011/12	5.125%	700	1,140	1,122	2,962
\$ 49,480 Interest Rate: 5.125%	2012/13	5.125%	700	1,122	1,104	2,926
	2013/14	5.125%	700	1,104	1,086	2,890
	2014/15	5.125%	800	1,086	1,065	2,951
	2015/16	5.125%	800	1,065	1,045	2,910
	2016/17	5.125%	800	1,045	1,024	2,869
	2017/18	5.125%	900	1,024	1,001	2,925

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2007**

		Interest			
Year	Rate	Principal	Interest	Interest	Total
2018/19	5.125%	900	1,001	978	2,879
2019/20	5.125%	1,000	978	953	2,931
2020/21	5.125%	1,000	953	927	2,880
2021/22	5.125%	1,100	927	899	2,926
2022/23	5.125%	1,100	899	871	2,870
2023/24	5.125%	1,200	871	840	2,911
2024/25	5.125%	1,300	840	807	2,947
2025/26	5.125%	1,300	807	773	2,880
2026/27	5.125%	1,400	773	737	2,910
2027/28	5.125%	1,500	737	699	2,936
2028/29	5.125%	1,500	699	661	2,860
2029/30	5.125%	1,600	661	620	2,881
2030/31	5.125%	1,700	620	576	2,896
2031/32	5.125%	1,800	576	530	2,906
2032/33	5.125%	1,900	530	481	2,911
2033/34	5.125%	2,000	481	430	2,911
2034/35	5.125%	2,100	430	376	2,906
2035/36	5.125%	2,200	376	320	2,896
2036/37	5.125%	2,300	320	261	2,881
2037/38	5.125%	2,400	261	199	2,860
2038/39	5.125%	2,500	199	135	2,834
2039/40	5.125%	2,600	135	69	2,804
2040/41	5.125%	2,680	69	-	2,749
Subtotal		46,780	26,440	25,241	98,461
Total Building Authority Debt		283,780	149,893	143,064	576,737
Total Debt		1,646,393	662,726	627,604	2,936,723

## **GENERAL FUND**

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The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, state shared revenues, grants and intergovernmental revenues. General operating expenditures of the Township are accounted for in this fund, including Township Administration, Public Safety, Public Works, Recreation and Culture and Other.

The legal level of budgetary control of the General Fund is at the activity level, as reflected on the following Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual.

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**ORLEANS TOWNSHIP**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES:				
TAXES				
Current property taxes	\$ 67,500	\$ 67,500	\$ 74,638	\$ 7,138
Delinquent property taxes	1,500	1,500	711	(789)
TOTAL TAXES	69,000	69,000	75,349	6,349
LICENSES AND PERMITS				
Licenses and permits	1,644	1,644	900	(744)
STATE SOURCES				
State revenue sharing	193,000	193,000	186,681	(6,319)
CHARGES FOR SERVICES				
Land division application fees	1,200	1,200	350	(850)
Street lighting	7,049	7,049	6,722	(327)
Cemetery	10,000	10,000	14,589	4,589
Telecom	0	0	4,531	4,531
Cable franchise	6,000	6,000	9,371	3,371
Landfill surcharge	9,000	9,000	10,959	1,959
TOTAL CHARGES FOR SERVICES	33,249	33,249	46,522	13,273
FINES AND FORFEITURES				
Ordinance violation fines	3,000	3,000	1,853	(1,147)
INVESTMENT EARNINGS				
Interest on deposits	12,150	12,150	14,669	2,519

**ORLEANS TOWNSHIP**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2007**

	BUDGETED			VARIANCE
	AMOUNTS			WITH FINAL
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
OTHER REVENUE				
Refunds and rebates	500	500	7,805	7,305
Library special fund	2,000	2,000	469	(1,531)
Fire department revenue	1,000	1,000	95	(905)
Gifts and donations	1,500	1,500	-	(1,500)
Federal grant	-	-	12,320	12,320
Library grant	1,000	1,000	-	(1,000)
Other revenue	15,347	15,347	-	(15,347)
TOTAL OTHER REVENUE	<u>21,347</u>	<u>21,347</u>	<u>20,689</u>	<u>(658)</u>
TOTAL REVENUES	<u>\$ 333,390</u>	<u>\$ 333,390</u>	<u>\$ 346,663</u>	<u>\$ 13,273</u>
EXPENDITURES				
LEGISLATIVE				
Township board	<u>\$ 23,075</u>	<u>\$ 23,796</u>	<u>\$ 12,461</u>	<u>\$ 11,335</u>
GENERAL GOVERNMENT				
Supervisor	12,784	12,784	10,102	2,682
Elections	4,700	4,946	16,654	(11,708)
Assessor	17,475	17,485	16,992	493
Clerk	20,326	20,436	16,036	4,400
Board of review	2,200	2,240	1,650	590
Treasurer	22,831	23,025	21,362	1,663
Townhall	10,600	10,836	8,547	2,289
Pension plan	6,600	6,600	4,908	1,692
Employment taxes	6,500	6,500	5,346	1,154
Inspections	1,600	1,600	419	1,181
Building lease	<u>18,000</u>	<u>18,000</u>	<u>17,439</u>	<u>561</u>
Total general government	<u>123,616</u>	<u>124,452</u>	<u>119,455</u>	<u>4,997</u>

**ORLEANS TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>PUBLIC SAFETY</b>				
Township deputy	29,500	29500	28,281	1,219
Fire department	34,725	35510	28,535	6,975
Ambulance	17,500	17500	17,194	306
Total public safety	<u>81,725</u>	<u>82,510</u>	<u>74,010</u>	<u>8,500</u>
<b>PUBLIC WORKS</b>				
Drains	1,000	2,064	2,064	-
Road work	56,300	76,300	69,489	6,811
Street lighting	7,049	14,096	8,996	5,100
Total public works	<u>64,349</u>	<u>92,460</u>	<u>80,549</u>	<u>11,911</u>
<b>RECREATION AND CULTURE</b>				
Community library	4875	4956	4,235	721
Recreation and parks	1000	1000	654	346
Total recreation and culture	<u>5,875</u>	<u>5,956</u>	<u>4,889</u>	<u>1,067</u>
<b>CEMETERY</b>				
Cemetery	<u>21,500</u>	<u>25,767</u>	<u>21,140</u>	<u>4,627</u>
<b>PLANNING</b>				
Planning Commission	<u>2,650</u>	<u>2,650</u>	<u>968</u>	<u>1,682</u>

**ORLEANS TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2007**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
INSURANCE				
Insurance	12,000	13,795	12,966	829
OTHER EXPENSES	2,600	2,768	-	2,768
TOTAL EXPENDITURES	337,390	374,154	326,438	47,716
REVENUE OVER (UNDER) EXPENDITURES	(4,000)	(40,764)	20,225	60,989
NET CHANGE IN FUND BALANCE	(4,000)	(40,764)	20,225	60,989
FUND BALANCE, BEGINNING OF YEAR	258,812	258,812	258,812	-
FUND BALANCE, END OF YEAR	\$ 254,812	\$ 218,048	\$ 279,037	-

**Lawrence Tiejema, PC**

**Certified Public Accountant**

31 East Main Street

Saranac, MI 48881

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Email: [tej@iserv.net](mailto:tej@iserv.net)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS

August 6, 2007

The Township Board  
Orleans Township  
Ionia County, Michigan

I have audited the financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component unit, and the aggregate remaining fund information of the Township of Orleans, State of Michigan, as of and for the year ended March 31, 2007, which collectively comprise Orleans Township's basic financial statements and have issued a report thereon dated August 6, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Orleans Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

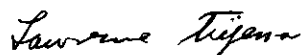
My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

However as discussed below, I did not identify any deficiencies in internal control over financial reporting that I consider to be significant deficiencies. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I noted no significant deficiencies involving internal control over financial reporting and its operation that I consider to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orleans Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the township board officers, bond and credit holders, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Lawrence Tiejema, PC.

August 6, 2007

**Lawrence Tiejema, PC    Certified Public Accountant**  
**31 E. Main Street, PO Box 10, Saranac, MI 48881**  
**616-642-0384    fax: 616-642-0610    email: [tiej@iserv.net](mailto:tiej@iserv.net)**

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September 13, 2007

Board of Orleans Township  
3077 Palmer Road  
Orleans, MI 48865

To the Board of Orleans Township:

You may refer to my report on internal control over financial reporting and compliance with laws and established accounting procedures. The letter states that I noted no matters involving internal control over financial reporting that would be consider significant deficiencies. In the course of the audit, I observed the accounting procedures for recording transactions and reporting information that formed the basis for the trial balance for each fund. I can make the following observations:

- (1) Clerk Ellie Groom is accurately entering township financial transactions in the Quickbooks accounting software. During the past year, transfers between funds are being recorded correctly without the use of an income or expense account.
- (2) Treasurer Joel Noe maintains a Quicken file that contains all the township's deposit accounts. All deposit accounts are reconciled monthly to the bank and to the clerk's records on the accounting software.
- (3) The Township maintains a separate deposit account for Act 495 deposits. These deposits are a portion of the insurance proceeds that are held by the township when a resident suffers a loss to a home and/or building. When the property is restored, the township releases this deposit to the property owner. Currently, these deposits are being accounted for as an income and expense. My recommendation is that the Township create an "other liability" account for the Act 495 deposits.

- (4) The fire department maintains an inventory for insurance purposes. It is my recommendation that a separate inventory be created of all major items currently owned by the fire department, so that disposals of assets can be calculated correctly as gains or losses on disposal.

I would be happy to discuss any of the comments above with any of the appropriate members of the Board. If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Larry Tiejema".

Larry Tiejema, CPA